



COUNTY OF LOS ANGELES

Public Health

JONATHAN E. FIELDING, M.D., M.P.H.
Director and Health Officer

JONATHAN E. FREEDMAN
Chief Deputy Director

313 North Figueroa Street, Room 806
Los Angeles, California 90012
TEL (213) 240-8117 • FAX (213) 975-1273

www.publichealth.lacounty.gov



BOARD OF SUPERVISORS

Gloria Molina
First District

Mark Ridley-Thomas
Second District


Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

November 18, 2011

TO: Each Health Deputy

FROM: John Viernes, Jr., Director 
Substance Abuse Prevention and Control

SUBJECT: **NOTICE TO TERMINATE A CONTRACT WITH BE WELL NOW INSTITUTE INCORPORATED, A DRUG/MEDI-CAL AGENCY**

This is to inform you that the Department of Public Health (DPH) intends to terminate its Drug Medi-Cal (DMC) contract with Be Well Now Institute Incorporated (BWNI) for serious deficiencies and violations identified in the attached Contract Termination Report. The agency is located at 20710 South Leapwood Avenue, Suite C, Carson, California 90746, in the Second Supervisorial District.

DPH-SAPC has advised BWNI that it has 30 calendar days to appeal SAPC's decision to terminate the contract. If no appeal is received from BWNI within the 30 days, SAPC will notify the State Department of Alcohol and Drug Programs of the contract termination.

On November 5, 2008, the Board of Supervisors delegated the authority to the Director of DPH, or his designee, to terminate contracts with agencies for DMC program services, following County Counsel review and approval, and notification to the Board and the Chief Executive Office.

If you have any questions or would like additional information, please let me know.

JV:mak

Attachment

c: Jonathan E. Fielding, M.D., M.P.H.
Jonathan E. Freedman
Sheila Shima
Richard Mason
Tami Omoto-Frias
Maxanne Hatch
Patricia Gibson

**COUNTY OF LOS ANGELES – DEPARTMENT OF PUBLIC HEALTH
SUBSTANCE ABUSE PREVENTION AND CONTROL**

**BE WELL NOW INSTITUTE, INCORPORATED
CONTRACT TERMINATION REPORT
November 2011**

Be Well Now Institute Incorporated (BWNI) has been under contract with the County of Los Angeles Department of Public Health, Substance Abuse Prevention and Control (SAPC) to provide Drug/Medi-Cal (DMC) services since Fiscal Year (FY) 2005-06. BWNI's most recent annual audit was performed on February 15, 16, and 17, 2011.

As a result of the February 2011 audit, SAPC concluded that there were sufficient deficiencies to warrant termination of the BWNI agreement.

Background

On March 16, 2011, SAPC Director and staff met with the Dr. Matthew Velasquez, BWNI Executive Director, regarding the audit findings. In discussing the deficiencies, Dr. Velasquez indicated the deficiencies were due to a lack of training for staff and requested technical assistance (TA) from SAPC. SAPC provided monthly targeted TA from May through August 2011 focusing on how to comply with regulations, implement evidence-based practices, and increase effectiveness in providing client care.

An assessment in August 2011 revealed that despite receiving approximately 40 hours of TA, BWNI had not shown improvements in any of the above mentioned components. In addition, on July 19, 2011, the Contract Program Auditor (CPA) assigned to provide TA was approached by a BWNI staff and given a list of inappropriate practices taking place at the agency.

Deficiencies

As indicated above, the February 2011 audit revealed that the agency had a serious record of chronic deficiencies. The following is a summary of the most serious deficiencies related to BWNI's ongoing violations of Title 22 regulations, contract requirements, and California Labor Codes:

1. **Requirement:** SAPC's June 3, 2010 memo to DMC Providers, entitled, "Conditions for Immediate Contract Termination," states, "...Effective immediately, the following audit findings will result in immediate contract termination because SAPC considers these as fraudulent practices: Pre-generated treatment plans, progress notes, medical waivers, and group sign-in logs; backdated treatment plans, progress notes, and medical waivers; and pre-dated treatment plans, progress notes, medical waivers, and group sign-in logs."

Finding: During a site visit conducted on February 15, 2011, the auditor identified two treatment plans which were pre-generated and pre-signed by the physician for treatment planning sessions that had not been conducted. Audits performed in the previous two years also identified pre-generated progress notes and client sign-in sheets.

2. **Requirement:** Title 22 Regulations, Drug/Medi-Cal, Section 1341.1(h) (3) (A) states, "For outpatient drug free or Naltrexone treatment services, the counselor shall record a progress note for each beneficiary participating in an individual or group counseling

session. Progress notes are individual narrative summaries and shall include: (i) A description of the beneficiary's progress on the treatment plan problems, goals, actions steps, objectives, and/or referrals."

Finding: All progress notes reviewed during the February 2012 audit were vague and appeared to be copied and pasted. The progress notes did not reflect the problems that were noted and addressed on clients' treatment plans and intake questionnaires. This finding was also reflected in the last two annual audits,

An additional matter that occurred during the completion of the investigation was the unlawful removal by a BWNI employee of a SAPC confidential internal document regarding complaints against BWNI by one of its employees. The document contained several accusations about the BWNI's management practices, violations of State regulations and inappropriate billing practices. SAPC learned that BWNI's Executive Director confronted the employee who issued complainant and threatened retaliation in the form of a demotion. Subsequently, SAPC contacted Dr. Velasquez to inform him that threatening retaliation against a whistle blower who works on a government contract was in breach of California Labor Codes and considered a serious violation. To follow up, SAPC management and staff held another meeting with the Mr. Velasquez to reinforce this and to discuss with him how a confidential SAPC document ended up in his possession, and the threats of retaliation he made against his employee. On October 11, 2011, SAPC learned that the Dr. Valesquez fired the employee.

Conclusion

SAPC recommends that BWNI's DMC agreement be terminated. This recommendation is based on the deficiencies and violations noted above, and the agency's failure to improve.